

SASK FILM
AND VIDEO DEVELOPMENT CORPORATION

1998
1999

*Annual
Report*

S a s k F I L M

AND VIDEO DEVELOPMENT CORPORATION

1998-1999 ANNUAL REPORT

Message from the Chair	1
Board of Directors	2
Our Mission Statement	4
Development Loans	5
Production Investments	7
Special Projects	8
Special Initiatives	9
Locations	12
Tax Credit	13
Financial Review	14

Message from the Chair, Lynn Starkey

1998/99 brought so many new and exciting events for Saskatchewan's film industry that it is difficult in hindsight to realize that it all happened in only one year.

In June of 1998 the long awaited Saskatchewan Film Employment Tax Credit was proclaimed. This allowed many Saskatchewan producers to capitalize on several co-productions. Domestically 42 million dollars of production were generated. The total production volume of some 58 million dollars was unprecedented in our province's film history. While we expect that the industry will exceed this number in the future the immediate impact was astounding. Film crews were spotted all over the province and perhaps for the first time the people of Saskatchewan began to realize that their film industry was becoming an important part of the provincial business and cultural landscape.

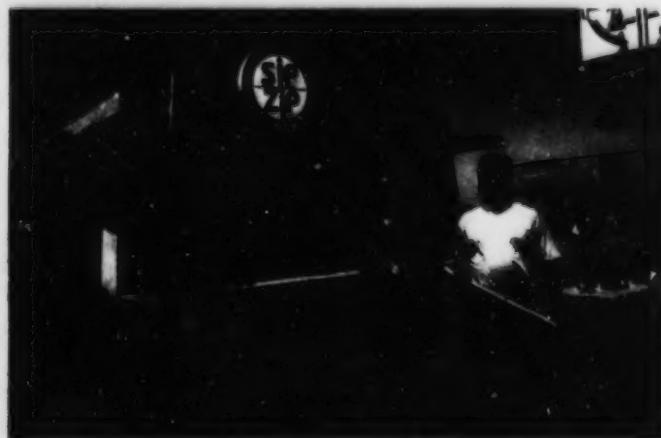
SaskFilm's budget was reduced to \$1 million in 1998. It was expected that equity funding would be largely replaced by the tax credit. SaskFilm was appointed by the government as the administrator for the tax credit and focussed its efforts on the refinement and interpretation of the new tax credit program.

The organization also reviewed its programs and placed more emphasis on development of the script and the storytellers. This is where the strength of our cultural industry is forged. SaskFilm believes that development of our stories combined with the industry's skills and connections will drive our future success.

The SaskTel New Media Program was initiated by SaskTel and is administered by SaskFilm. During 1998/99 \$60,000.00 was awarded in this new and exciting sector. SaskTel continues to work with our partners to bring our product to the electronic medium.

The Saskatchewan Film and Video industry has come a long way in just ten years. The industry has become very diversified from senior experienced production companies and film personnel who have developed good reputations in the global market to mid level companies with significant experience, to entry level companies and individuals embarking on their first projects. These are all people who see an exciting future based here in their home province.

SaskFilm seeks to serve the very different needs within this growing mix of industry activity. This is very challenging but it is an excellent measure of our provincial success, a vibrant, growing and diversified industry.



**Executive Producer Kevin DeWalt and U.S. Line Producer Jay Heit
on the set of Held Up! on location in Moose Jaw.**

Photo Credit Alan Markfield

SaskFILM Board of Directors

The SaskFILM board of Directors met 8 times in 1998/99 to review project applications and to address policy issues, which included three full Board meetings and four Project Approval Committee meetings.

Representation on the Project Approval committee in 1998/99, which was established to ensure that no Board member would be placed in either an actual or perceived position of conflict with respect to any project funding decisions included: Greg Campbell, Don Kerr, Gary Hyland, Lynn Starkey, Jim Russell and Sonja Gehl.

SUSANNE BELL, *Heartland Motion Pictures - SMPA*

Susanne has been an active member of the Saskatchewan film community for over twelve years. Currently Manager of Business Affairs with Heartland Motion Pictures, she has also held positions with SaskFILM and the National Film Board of Canada.

GORDON MCLENNAN, *Reel Eye Media - SMPA*

Gordon is one of Saskatchewan's most accomplished filmmakers. His ten years in the film industry have taken him from Los Angeles to New York, from Europe to Africa. For the past several years, Gordon has been creating high quality features and innovative television product for the international market.

MICHAEL SNOOK, *WestWind Pictures - SMPA (October - March)*

Michael is an independent producer, based in Regina. For more than three decades he has been an independent music producer, a producer and manager for CBC Radio, and since 1992 has produced television series for Canadian and International broadcasters. Michael is executive producer and C.E.O. of WestWind Pictures, and Chair of the Saskatchewan Film Producers Association.

LEON BRIN, *Saskatchewan Association of Broadcasters (April - October)*

General Manager of CKCK Television Regina, Leon is an Executive member of SAB, a Past President of the Western Association of Broadcasters and serves as a volunteer with a number of Organizations, including the South Saskatchewan Community Foundation and the Community Crime Alert Advisory Committee.

GREG CAMPBELL, *Global Television - Broadcasters Association (October - March)*

Currently, Greg is the General Manager/General Sales Manager at Global Television in Regina. He is the President of The Saskatchewan Association of Broadcasters.

JAMES BENNING, *Saskatchewan Communications Network (April - August)*

James is President and C.E.O. of the Saskatchewan Communications Network (SCN). His career has included a broad range of senior positions in the Saskatchewan and Ontario governments and internationally.

SONJA GEHL, *Saskatchewan Communications Network (August - March)*

Sonja was appointed to the Saskatchewan Communications Network Board of Directors in 1993. She has served as Vice-Chair of the Saskatchewan Communications Network, as well as the chair of the Program. Sonja is employed as a Personnel/Organizational Development Officer with Parkland Regional College in Yorkton.

LYNN STARKEY, *Member of Municipal Organization*

Lynn has been an active member of her community. She has served on numerous boards, the Moose Jaw Chamber of commerce and is past chair of the Moose Jaw Regional Economic Development Authority.

GARY HYLAND, *Member at large*

Gary is a Moose Jaw writer, columnist, editor and occasional lecturer for the University of Regina. He was a founding member of Coteau Books, Sage Hill Writing Experience and the Festival of Words, and he still serves on the boards of the latter two.

DON KERR, *Member at large*

Don is a poet and playwright who teaches English at the University of Saskatchewan and for many years taught a film studies class. He is a member of two publishing houses, NuWest Press and Coteau Books.

JIM RUSSELL, *Member at large*

Jim Russell is a partner with Saskatoon/Regina law firm of Gauley & Co. He practices extensively in the areas of intellectual property, arts law and media law and provides legal counsel to many arts-related institutions, as well as individual artists. Jim has also written and published extensively on arts and media topics and conducted numerous workshops and seminars.

EX-OFFICIO MEMBERS

ANDREA SEBASTIAN, *Department of Canadian Heritage (October - March)*

Andrea Sebastian is currently the Ex-officio federal representative on the SaskFILM Board. She is the Department of Canadian Heritage Saskatchewan District program officer for cultural development. Her background includes arts administration and teaching.

KEITH COMSTOCK, *Department of Municipal Affairs, Culture and Housing (April - October)*

Keith represents the Government of Saskatchewan in an ex-officio basis on the SaskFilm Board. In his capacity as the Senior Cultural Industries Policy Consultant, Keith also has responsibility for the sound recording, book publishing, commercial visual art and commercial crafts industries. Other major responsibilities include serving as the Chair of the Cultural Industries Development Strategy Committee, representing the Department on the Sound Stage Committee and coordinating the Department's international market development initiatives in Jilin, China and Ukraine.

GORDON ZAKRESKI, *Department of Municipal Affairs, Cultural and Housing (October - March)*

Gordon is in an ex-officio capacity, and he represents the Government of Saskatchewan on the SaskFilm Board. Gord, as the Intergovernmental and Industry Liaison, has responsibility for the administration of the Film Employment Tax Credit. Other responsibilities include administering the Cultural Industries Development Fund, overseeing the Saskatchewan-Ukraine Plan of Action as it applies to the cultural industries and represents the department on the Crew Call Advisory Committee.

OUR MISSION STATEMENT

SaskFILM is a non-profit funding agency whose mission is to enable the film and video community of Saskatchewan to continually enhance the quality, quantity and marketability of its products and resources.

PROJECTS SUPPORTED IN THE YEAR ENDING MARCH 31, 1999

DEVELOPMENT LOANS

The Corporation advances non-interest bearing loans toward the development of film and video projects to Saskatchewan Producers.

Four types of Development loans are provided:

Scriptwriters' Program
Phase I
Phase II
Phase III

Concept to Treatment or Outline
Concept Development
Outline to First Draft
First to Final Draft

Projects eligible for funding through SaskFILM include:

Television and Theatrical projects including: Feature Length and Short Drama, Drama Series, Animation, Children's Programming, Documentaries, Educational, Experimental, Variety, Non-Theatrical, Imax and Multi-Media.

In the fiscal year 1998/1999, 33 development applications were approved for a total amount of \$173,096 as follows:



A Muslim woman waits outside the Sambhavna Clinic for treatment of her gas-related illnesses, in Bhopal India. From The Heart Becomes Quiet.

Photo by Robin Schlaht.

SCRIPTWRITERS' PROGRAM

Loans made for the preparation of treatments, outlines, and pitch documents, which are used by the writer to secure interest from a producer or production company.

APPLICANT	PROJECT	GENRE
Bauman, Larry J	Secret Lullaby	Feature Film
Bauman, Larry J	Outlaw Heart	Feature Film
Miller Schroeder, Pat	The Christmas Wish	TV Drama
Pilon, Michael	By The Thread	TV Drama
Newman, Wayne	Buried Secrets	Feature Film
Hall, Stephen	Welcome to Heaven	Feature Film

PHASE I

Loans made to develop a concept to a treatment or step outline including a preliminary marketing package.

APPLICANT	PROJECT	GENRE
Cinepost Productions Inc	Sheets to the Wind	Documentary
Sharper Image	Future to Write	Documentary
Associated Film Artists	Point of View	Feature Film
Independent Moving Pictures	Rani	MOW
Third Eye Media	Native Visions	Documentary Series
Start Productions	Reel Dreams	Documentary
Media Group/JR Productions	Ryan's Babe	Feature Film
Film Crew Productions Inc	Charlie Wilcox	Feature Film
Northern Legacy Productions	WWII:Sask's Northern Legacy	Documentary
Four Square Productions	No Apology for Absence	Documentary



Wendy Anderson in SPARKLE, Milestone Films, Inc.

Photo Credit - Don Hall

PHASE II

Loans made to develop a dramatic treatment or outline to a first draft for film or television to include a market and finance plan.

APPLICANT	PROJECT	GENRE
Tri-Media Productions Inc	Secret of Sentinel Rock	TV Drama
GTL Productions	A Guide to Life	TV Series
Moose Jaw Light & Power	The Storymakers	TV Pilot

PHASE III

Loans made to develop a first draft to final draft for film or television to include a marketing and distribution plan.

APPLICANT	PROJECT	GENRE
Mind's Eye Productions Inc	History of Canadian Humor	TV Series
DEF Productions Inc	Freezer Burn	TV Drama
Edge Entertainment	Dreamtime	Feature Film
Edge Entertainment	The Impossible Elephant	Feature Film
Camera West Film Assoc.	Small Worlds	TV Series
Night Owl Productions	Lug Nuts	TV Series
Pebble Beach Interactive	Tuckers Terrific Typing	MultiMedia/CD Rom
Heartland Motion Pictures	Kalalou	Children's TV Series
Four Square Productions	Sister Kay MacDonald	Documentary
Cooper Rock Productions	Learning to Hear	Documentary
Mind's Eye Productions Inc	Watergate North	Documentary
Incredible Story Studio III Inc	Incredible Story Studio III	Children's TV Drama
Zima Junction Productions	Solitude	Feature Film
Four Square Productions	Searching for Confucius	Documentary



Incredible Story Studio, Minds Eye Pictures
Episode 15: Corporate Gangsters - The Great
Cookie Calamity.

Photo Credit - Calvin Fehr



Maxium Dimension
Heartland Motion
Pictures
Max Maven

Photo Credit
-Darrol Hofmeister

PRODUCTION INVESTMENTS

SaskFILM provides equity investments to productions which are of significant benefit to Saskatchewan as determined by the Board of Directors.

During the 1998/1999 fiscal year, 7 projects were approved for equity investments for a total amount of \$308,320. These 7 projects had production budgets exceeding \$3,870,175, with an estimated \$2,442,673 being allocated to Saskatchewan spending.

APPLICANT	PROJECT	INVESTMENT	GENRE
Reel Eye Media	Standard Deviation	100,000	Theatrical Movie
Mind's Eye Productions Inc	Wide Mouth Mason	37,600	TV Documentary
Stan Thomas Productions	Ted Olson Story	17,000	TV Documentary
Heartland Motion Pictures	Growing Trade	19,720	TV Documentary
Film Crew Productions	Earth's Garden II	25,000	Documentary Series
Four Square Productions	Scarred By History	9,000	TV Documentary
Zirna Junction Productions Inc	Solitude	100,000	Feature Film



Blacklight, Edge Entertainment Inc.
Anne-Marie Hoger, Alphonse Gaudet, Michael Ironside
Photo Credit - David Giesbrecht



Big Bear, Blue Hill Productions, Les Production
Téléactions, and Kanata Productions,
Gordon Tootoosis, as Chief Big Bear
Photo Credit - Calvin Fehr



Stranger in Town, Minds Eye Pictures,
Harry Hamlin, Trevor Blumes
Photo Credit - Calvin Fehr

SPECIAL PROJECTS

SaskFILM provides financial support to assist Saskatchewan producers and filmmakers to undertake projects which afford employment and professional development to their creators, are of significant cultural and artistic benefit, and which are not market-driven in nature.

During the 1998/1999 fiscal year, the jury selected 13 projects for approval and provided a total of \$74,576 in contributions as follows:

APPLICANT	PROJECT	INVESTMENT
Britski, Jason	Ripples in the Snow	1,700
Archipeligo Film	City of Timeless	3,500
Milestone Films Inc	Sparkle	10,000
Simard, Marc	Armand A Portrait	5,893
Hanson, David	Digital Canvas	2,300
Filmpool	Dream Sequence	10,000
Crochetiere, Michael	Subterranean Passage	6,000
Rose, Jessica	Persephone and the Pomegranate Seeds	5,177
Towes, Ian & Spakowski, Andrea	Ten Tons of Tires	4,400
Bell, Brett	Blueberry	7,700
Ouellette, Diane	Daisy	15,000
Scavuzzo, Danny	Last Photograph from Havana	2,005
Rhoades, Troy	0/1 Babelangue	900



Subterranean Passage, a film by Michael Crochetiere

Photo Credit - Allen Ross

SaskFILM SPECIAL INITIATIVES 1998/1999

SaskFILM continued to provide support to individuals and industry organizations for professional advancement opportunities that enhanced the skills development of the Saskatchewan film and television industry. Financial commitments were provided to several initiatives including:

TRAVEL ASSISTANCE

SaskFILM assists qualified Saskatchewan producers to attend key industry markets to facilitate the advancement of Saskatchewan productions and co-productions. A total of \$45,092 in bursaries were approved in 1998/1999.

Banff Television Festival: With SaskFILM's assistance, 20 Saskatchewan producers were able to attend the 1998 Banff Television Festival including:

Gail Tilson	Marc Simard
Judith Silverthorne	Jarrett Rusnak
Bill Stampe	Alaistair Wall
Leif Storm	Gerald Sperling
Donna Caruso	David Doerksen
Phil Doerksen	Lori Kuffner
Stephen Onda	Susanne Bell
Anthony Towstego	Mark Prasuhn
Gail Marteniuk	Frank Halbert
Virginia Thompson	Brenda Geil

Local Heroes: With SaskFILM's assistance, Glen Sorochuk, Anand Ramayya, Michelle Fisher and Jason Huber were able to attend the 1998 Local Heroes Festival in Edmonton, Alberta.

American Film Market: SaskFILM provided 7 producers with travel assistance to enable them to attend the American Film Market in Los Angeles, California. Assistance was provided to:

David Doerksen	Rob King
Kevin DeWalt	Torin Stefanson
Ray Ramayya	Jeff Beesley
Gordon McLennen	

Hot Docs: SaskFILM provided travel assistance to Lori Kuffner, Barb Campbell and Frank Halbert to enable them to attend Hot Docs in Toronto.

Yorkton Film Festival: Jeff Beesley, Gary Neisner, Michelle Fisher, Sandy Dombowski, Donna-Lynn McGregor, Craig Courtice and Tony Hrynychuk received travel assistance to attend Yorkton Film Festival.

National Association of Broadcasters (NAB): SaskFilm provided travel assistance to the following people, enabling them to attend the National Association of Broadcasters:

Dwayne Moore	Ken Adolf
Phil Doerksen	Dean Sauer
Trevor Bennett	Jack Tunnicliffe
George Hupka	

National Association of Television Program Executives (NATPE): Receiving travel assistance from SaskFilm, the following people attended the National Association of Television Program Executives:

Mark Prasuhn	Kevin DeWalt
Bill Braaten	David Doerksen
Darlene Forst	Gail Tilson

Vancouver Film Festival: Stephen Onda attended this festival with the assistance of a SaskFILM travel bursary.

Toronto International Film Festival: SaskFILM provided travel assistance to 7 producers to attend the Toronto Film Festival

Stephen Onda	Susanne Bell
Craig Courtice	Mark Prasuhn
Leanne Arnott	David Doerksen
Torin Stefanson	

Gemini Awards: SaskFILM provided travel assistance for Dean Evans, Lori Kuffner, Chris Triffo and Ron Goetz to attend the awards ceremonies in Toronto.

SMPIA INDIVIDUAL ASSISTANCE PROGRAM:

As in previous years, SaskFILM provided a \$10,000 contribution towards the SMPIA 1997/1998 Individual Assistance Program. These funds provided 12 individuals with access to the following professional development opportunities:

Sandi Cameron	Script Supervisor Course
Jeff Martel	Robert McKee Seminar
Andy Cooper	Robert McKee Seminar
Glen Sorochnik	NSI Director's Writing Screenplay Workshop
Pat Miller Schroeder	Selling to Hollywood
Shirley Spidla	Software Design, Banff Centre
Jason Neilson	AVID non-linear editing course
Brent Bezo	Vancouver Trade Forum
Donna Kriekle	Banff New Media
Kevin DeWalt	The Connection
Tom Hale	The Rhombus Story Workshop
Lisa Donahue	Vancouver International Trade Forum

WORKSHOPS SPONSORSHIPS:

SMPIA 1998/1999 Workshops: As in previous years, SaskFILM supported the development of Saskatchewan screenwriters through sponsorship of the SMPIA workshops. SaskFILM sponsorship included:

MIPCOM Fellowship Program	\$2,000
Women in Management Roles Program	\$3,000

Flicks Film Festival: SaskFILM provided \$2000 in funding toward the Zoom In Student Program at the 1998 Flicks Film Festival.

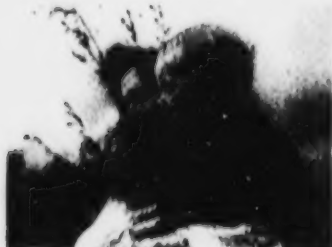
Saskatchewan Showcase: SaskFILM contributed \$2,500 towards this event.

Yorkton Film Festival: SaskFilm was a sponsor of the Best of Saskatchewan Awards, and contributed \$2,300 to this festival.

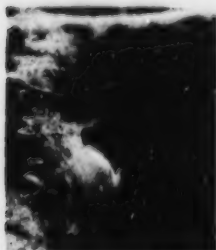
Saskatchewan Country Music Awards: SaskFilm sponsored the Best Music Video Award contributing \$275.

SaskFilm was a sponsor at the Los Angeles, CA Tax Summit, and the **Moose Jaw Festival of Words** received sponsorship in the amount of \$2,000.

SCARRED BY HISTORY, a Canadian - Ukrainian co-production by 4 Square Productions and Novyy Kanal



SOLDIERS VOICE, DISASTER'S OF THE CENTURY Partners In Motion



DOLL HOSPITAL, Incandescent Films

Photo Credit - Greg Stanton, Ron Goetz



Photo Credit - Aaron Feser

LOCATIONS SASKATCHEWAN

During 1998/99, Locations Saskatchewan continued to focus on creating an awareness of the province as a location.

Ivo Nightingale and Louise Usick attended the Locations Expo in Los Angeles. This was the first year all the Canadian provinces formed a mini Canadian pavilion area in the convention centre. This seemed to work well, since all the provinces were grouped together in a favorable area close to the entrance. The Canadian display won second prize for the best display from a country.

Many people involved in past productions stopped by our booth as well as production people who had heard of Saskatchewan. It was surprising how fast the word about our tax credit program has spread. Several production people entering the Canadian section specifically wanted to talk to Saskatchewan about our locations and tax incentive programs.

SaskFilm had representation at other key industry events which included: National Association of Television Program Executives (NATPE) 99, American Film Market and the Tax Credit Summit in Los Angeles. SaskFilm began administration of the Film Employment Tax Credit in the fall of 1998. It was designed to facilitate productions with the participation of a Saskatchewan producer, and will do much to build locations activity in future years.



Sask Film Staff, Louise Usick and Ivo Nightingale at Locations Expo in Los Angeles.

SASKATCHEWAN FILM EMPLOYMENT TAX CREDIT

The Saskatchewan Film Employment Tax Credit was announced in the province's 1998/1999 budget, and was proclaimed on June 11, 1998. The tax credit applies to any expenditures made after January 1, 1998.

Like many other provincial jurisdictions, the process of application for the credit includes an "initial" application for registration, and a "final" application for a tax credit certificate. The certificate can then be filed with the corporation's tax return.

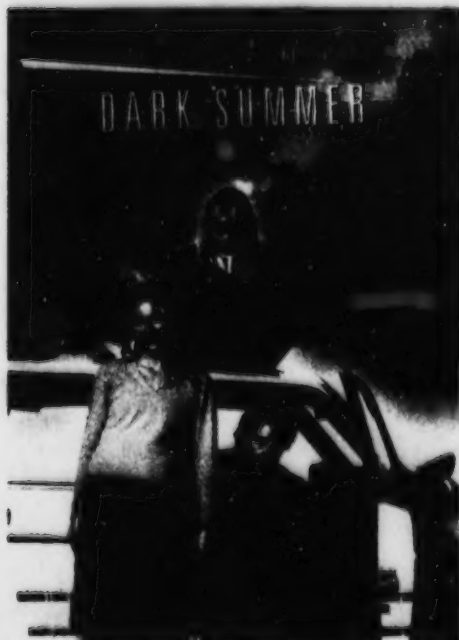
The tax credit is a refundable corporate tax credit of 35% of eligible Saskatchewan labour, to a maximum of 17.5% of the total production costs. In addition, the program provides for a bonus of 5% of total production expenditures in the province, for productions based in smaller centres and rural areas outside of Regina or Saskatoon. In this case the maximum credit is increased to 22.5% of the total production costs.

Deemed labour is also eligible for the 35% credit. Out of province mentors or trainers may be considered deemed labour when no qualified Saskatchewan employee is available and the mentor is qualified to provide the training.

SaskFilm is responsible for the administration of the tax credit program. Louise Usick was hired in the fall of 1998 as the Director of Tax Credits with SaskFilm. Production levels reached \$58 Million for the 1998 year. A total of 32 productions applied to the tax credit program for an estimated tax credit of \$4.5 Million.

Louise was a panelist on several tax credit information sessions including Showcase '98 in Regina, Tax Credit Summit '98 in Los Angeles, and the Prime Time conference in early 1999 in Ottawa. The Saskatchewan Film Employment Tax Credit has been very well received, and is considered one of the best in the industry.

The regulations are expected to be passed in the summer of 1999.



A Cinerenta/Cineinnocent Production of a Credo Entertainment/Adagio Films/Independent Moving Pictures picture of a Gregory Marquette Film.

Financial Statements of
**SASKATCHEWAN FILM AND VIDEO DEVELOPMENT
CORPORATION**

March 31, 1999



Auditors' Report

To the Members of
Saskatchewan Film and Video Development Corporation

We have audited the balance sheet of Saskatchewan Film and Video Development Corporation as at March 31, 1999 and the statement of changes in equity in loans/investments program, the statement of revenues, expenditures and operating surplus (deficit) of the Soundstage Fund, the statements of revenues, expenditures and operating surplus of the Locations Fund and the Development Fund and the statement of changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Deloitte & Touche LLP.

Chartered Accountants

April 30, 1999

SASKATCHEWAN FILM AND VIDEO DEVELOPMENT CORPORATION

Balance Sheet

March 31, 1999

	1999	1998
ASSETS		
Cash	\$ -	\$ 108,651
Short term investments (Notes 2f and 6)	922,271	719,743
SaskTel New Media Fund investments (Notes 2f, 5 and 7)	406,119	-
Accounts receivable	765	7,314
Interest receivable		
Shrot term investment	8,308	11,977
SaskTel New Media Fund investment	13,372	-
GST receivable	39,879	131,441
Prepaid expenses	3,182	7,492
Bridge financing loans	18,250	25,366
	<u>1,412,146</u>	<u>1,011,984</u>

LIABILITIES		
Bank indebtedness	\$ 4,941	\$ -
Accounts payable	9,726	57,181
Deferred grant revenue (Note 8)	10,000	10,000
Deferred SaskTel New Media Fund revenue (Notes 5 and 7)	419,491	-
	<u>444,158</u>	<u>67,181</u>

COMMITMENTS (Note 9)

SURPLUS(NOTE 13)

Development Fund		
Equity (deficit) in loans programs (Note 10)	9,292	23,025
Operating surplus	993,589	934,283
Locations Fund		
Operating surplus	88,198	108,644
Soundstage Fund		
Operating deficit	(123,091)	(121,149)
	<u>967,988</u>	<u>944,803</u>
	<u>\$ 1,412,146</u>	<u>\$ 1,011,984</u>

APPROVED BY THE BOARD

Ryan Hickey Director
..... Director

Deloitte & Touche

**SASKATCHEWAN FILM AND VIDEO DEVELOPMENT
CORPORATION**

Statement of Changes in Equity in Loans/Investments Program

Year ended March 31, 1999

	1999	1998
REVENUES		
Province of Saskatchewan grant	\$ 653,300	\$ 1,552,935
Development loans recovered (Note 3)	29,535	26,319
Equity investments recovered (Note 4)	53,518	44,380
Other recoveries	14,549	-
	<u>750,902</u>	<u>1,623,634</u>
EXPENDITURES		
Development loans (Notes 2b and 3)	143,201	117,064
Equity investments (Notes 2c and 4)	438,950	1,124,948
Special projects	55,965	45,557
Professional development - Schedule 1	126,519	69,847
	<u>764,635</u>	<u>1,357,416</u>
(DECREASE) DECREASE IN EQUITY	(13,733)	266,218
EQUITY(DEFICIT), BEGINNING OF YEAR	23,025	(243,193)
EQUITY, END OF YEAR	<u>\$ 9,292</u>	<u>\$ 23,025</u>

**SASKATCHEWAN FILM AND VIDEO DEVELOPMENT
CORPORATION**
Development Fund
Statement of Revenues, Expenditures and Operating Surplus
Year ended March 31, 1999

	1999	1998
REVENUES		
Province of Saskatchewan grant	\$ 253,955	\$ 240,130
Tax credit administration grant	60,000	-
Interest on bridge financing loans	1,803	1,021
Recovery of bridge financing loans	8,675	-
	<u>324,433</u>	<u>241,151</u>
EXPENDITURES		
Board of Directors	12,381	18,782
Computer purchases	-	4,200
Library	131	108
Memberships and subscriptions	1,477	2,222
Occupancy	15,567	15,294
Office	18,132	10,280
Operating lease cost (Note 9)	3,285	-
Professional development	1,072	402
Professional services	19,364	20,255
Salaries and benefits	190,682	130,992
Telephone	13,710	11,440
Travel	6,600	3,649
Relocation	8,682	-
	<u>291,083</u>	<u>217,624</u>
NET OPERATING REVENUE	<u>33,350</u>	<u>23,527</u>
SALE OF FURNITURE	2,210	-
INTEREST ON INVESTMENTS (Net of \$19,491 SaskTel New Media Fund interest)	<u>23,746</u>	<u>51,034</u>
REVENUES OVER EXPENDITURES	<u>59,306</u>	<u>74,561</u>
OPERATING SURPLUS, BEGINNING OF YEAR	<u>934,283</u>	<u>859,722</u>
OPERATING SURPLUS, END OF YEAR	<u>\$ 993,589</u>	<u>\$ 934,283</u>

SASKATCHEWAN FILM AND VIDEO DEVELOPMENT CORPORATION

Locations Fund

Statement of Revenues, Expenditures and Operating Surplus

Year ended March 31, 1999

	<u>1999</u>	<u>1998</u>
REVENUES		
Province of Saskatchewan grant	\$ 92,745	\$ 206,935
EXPENDITURES		
Advertising and promotion	22,853	31,286
Annual report	1,597	3,431
Directories and promotional tools	1,263	53,709
Familiarization trips	1,060	9,650
Memberships and subscriptions	1,701	1,189
Occupancy	3,987	4,727
Office	3,643	7,150
Premiums	7,560	3,182
Professional services	-	518
Salaries and benefits	24,495	43,703
Scouting trips	510	898
Sponsorships	14,277	10,679
Staff development	1,120	5,358
Telephone	2,390	3,322
Travel	26,735	26,727
	<u>113,191</u>	<u>205,529</u>
NET OPERATING (EXPENDITURES) REVENUE	(20,446)	1,406
OPERATING SURPLUS, BEGINNING OF YEAR	108,644	107,238
OPERATING SURPLUS, END OF YEAR	\$ 88,198	\$ 108,644

**SASKATCHEWAN FILM AND VIDEO DEVELOPMENT
CORPORATION**

Soundstage Fund

Statement of Revenues, Expenditures and Operating Deficit

Year ended March 31, 1999

	1999	1998
REVENUES		
Office rental	\$ -	\$ 18,208
Stage rental	-	1,700
Other revenue	1,027	10,114
	<u>1,027</u>	<u>30,022</u>
EXPENDITURES		
Professional services	-	1,285
Leasehold improvements	-	11,344
Repairs and maintenance	-	5,350
Utilities	295	21,135
Salaries and benefits	950	13,557
Office	1,574	5,578
Telephone	150	2,050
	<u>2,969</u>	<u>60,299</u>
NET OPERATING EXPENDITURES	(1,942)	(30,277)
OPERATING DEFICIT, BEGINNING OF YEAR	(121,149)	(90,872)
OPERATING DEFICIT, END OF YEAR	\$ (123,091)	\$ (121,149)

SASKATCHEWAN FILM AND VIDEO DEVELOPMENT CORPORATION

Statement of Changes in Financial Position

Year ended March 31, 1999

	1999	1998
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Development Fund		
Decrease in equity in loans program	\$ (13,733)	\$ 266,218
Revenues over expenditures	59,306	74,561
Locations Fund		
Expenditures over revenues	(20,446)	1,406
Soundstage Fund		
Expenditures over revenues	(1,942)	(30,277)
	23,185	311,908
Changes in non-cash working capital items		
Accounts receivable	6,549	6,154
Interest receivable	3,669	34,134
GST receivable	91,562	(113,952)
Prepaid expenses	4,310	(1,139)
Accounts payable	(47,455)	27,409
	81,820	264,514
INVESTING		
Bridge financing loans advanced	-	(65,366)
Bridge financing loan recovered	7,116	74,000
	7,116	8,634
FINANCING		
Deferred grant revenue	-	(500,000)
	-	(500,000)
NET INCREASE(DECREASE) IN CASH	88,936	(226,852)
CASH, BEGINNING OF YEAR	828,394	1,055,246
CASH, END OF YEAR	\$ 917,330	\$ 828,394
CASH CONSISTS OF THE FOLLOWING:		
Cash(bank indebtedness)	\$ (4,941)	\$ 108,651
Short term investments	922,271	\$ 719,743
	\$ 917,330	\$ 828,394

SASKATCHEWAN FILM AND VIDEO DEVELOPMENT CORPORATION

Notes to the Financial Statements

Year Ended March 31, 1999

1. STATUS OF THE CORPORATION

The corporation is incorporated under The Non-profit Corporations Act of Saskatchewan and operates by the name of SaskFILM. The purpose of the corporation is to stimulate and foster the development of an indigenous film and video industry in Saskatchewan by providing financial assistance to qualified production companies for developing, producing and distributing films and videos. The corporation is exempt from income taxes under Section 149 of The Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting practices and reflect the following policies:

a) Revenue Recognition

Grants are recognized as revenue in the period that reflects the intent of the granting organization, regardless of when the amounts are received. Amounts received in advance of the period for which they are intended are deferred to the appropriate period.

b) Development Loans

The corporation records development loans as an expenditure when advanced and as revenue when recovered. These loans are advanced to qualifying Saskatchewan production companies and become repayable on commencement of principal photography. Loans for those projects that do not reach principal photography may be forborne at the discretion of the Board of Directors.

c) Equity investments

The corporation makes equity investments in film productions of Saskatchewan companies to a maximum of 25% of production costs. Due to the risk associated with these investments and the uncertainty of a return, the investments are accounted for as an expenditure when advanced. Any recovery of principal and return on the investment is recorded as revenue in the Development Fund.

d) Bridge Financing Loans

At the direction of the Board, the corporation may advance short term loans to qualifying companies for interim financing. These loans may bear interest which is recognized as revenue when received.

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SASKATCHEWAN FILM AND VIDEO DEVELOPMENT CORPORATION

Notes to the Financial Statements

Year Ended March 31, 1999

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

e) *Special Projects*

The corporation provides assistance to Saskatchewan producers and filmmakers to undertake projects which afford employment and professional development to their creators, are of significant cultural and artistic benefit, and which are not market driven in nature. As the corporation does not anticipate any return or repayment of the assistance, it is accounted for as an expenditure when advanced.

f) *Short Term Investments*

Short term investments are recorded at the lower of cost and market value.

g) *Furniture and Equipment*

The corporation charges the cost of furniture, equipment and leasehold improvements to expenses in the year of acquisition. Revenues from disposals are recorded when sold.

3. DEVELOPMENT LOANS

The following is a schedule of development loan transactions during the year:

	1999	1998
Balance, beginning of year	\$ 988,536	\$ 897,791
Loans advanced during the year	143,201	117,064
Loan repayments and conversions to equity	(29,535)	(26,319)
Loan forbearance	(229,887)	-
Balance, end of year	\$ 872,315	\$ 988,536

SASKATCHEWAN FILM AND VIDEO DEVELOPMENT CORPORATION

Notes to the Financial Statements

Year Ended March 31, 1999

3. DEVELOPMENT LOANS (Cont'd)

Development loans outstanding at March 31 were as follows:

	1999	1998
Scriptwriters program	\$ 44,656	\$ 34,276
Phase I	348,939	414,827
Phase II	234,678	305,526
Phase III	244,042	233,907
Balance, end of year	\$ 872,315	\$ 988,536

4. EQUITY INVESTMENTS

The following is a schedule of equity investment transactions during the year:

	1999	1998
Balance, beginning of year	\$ 6,680,591	\$ 5,600,023
Investments advanced and/or converted from development loans during the year	438,950	1,124,948
Equity investments recovered	(53,518)	(44,380)
Recovery of legal costs	42,560	-
Balance, end of year	\$ 7,108,583	\$ 6,680,591

5. SASKTEL NEW MEDIA FUND

The corporation and SaskTel New Media Fund Inc. ("SaskTel") entered into agreement on March 11, 1998 for the purpose of providing financial support to the development of a sustainable new media sector in Saskatchewan and to stimulate the creation of interactive content which may be distributed either through SaskTel facilities in the province, or by similar carriers in other jurisdictions.

SaskTel has agreed to contribute \$800,000 into SaskTel New Media Fund administered by the corporation. \$400,000 was received prior to March 31, 1999. The remaining \$400,000 is expected to be received in the near future.

The SaskTel New Media fund is to be segregated and disbursed according to guidelines developed by the corporation and SaskTel. The assets, liabilities and financial activities of this fund have therefore been distinguished from the corporation's other activities in these financial statements.

SASKATCHEWAN FILM AND VIDEO DEVELOPMENT CORPORATION

Notes to the Financial Statements

Year Ended March 31, 1999

6. SHORT TERM INVESTMENTS

	<u>1999</u>	<u>1998</u>
Sask. Saving Bonds	\$ 42,000	\$ 157,700
Banker's Acceptance	20,852	-
Canada Treasury Bills	834,947	-
Strip bonds - Government of Canada	24,472	41,478
- Provincial	-	520,565
Total	\$ 922,271	\$ 719,743

7. SAKTEL NEW MEDIA FUND INVESTMENTS

	<u>1999</u>	<u>1998</u>
Sask. Saving Bonds	\$ 326,119	\$ -
Canada Treasury Bills	80,000	-
Total	\$ 406,119	\$ -

8. DEFERRED GRANT REVENUE

During the year ended March 31, 1997, the corporation received \$10,000 from the Province of Saskatchewan to conduct a feasibility study of the soundstage concept. This feasibility study has not taken place as of March 31, 1999.

9. COMMITMENTS

At March 31, 1999, the corporation had approved but not yet disbursed:

	<u>1999</u>	<u>1998</u>
Development loans	\$ 181,362	\$ 234,822
Equity investments	430,870	640,231
Special projects	68,689	60,078
SaskTel New Media Fund	60,000	-
Total	\$ 740,921	\$ 935,131

SASKATCHEWAN FILM AND VIDEO DEVELOPMENT CORPORATION

Notes to the Financial Statements

Year Ended March 31, 1999

10. SURPLUS

Equity in loans program represents unexpended program grants which may only be used for development loans and equity investments in productions in subsequent periods to fulfil the mandate of the corporation as described in Note 1.

11. LEASE COMMITMENTS

The future minimum lease payments under the operating lease of the corporation are as follows:

2000	\$9,225
2001	9,225
2002	5,780

12. YEAR 2000 ISSUE

The Year 2000 Issue arises because many computer systems use two digits rather than four to identify a year. Date sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use a certain date in 1999 to represent something other than that date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the corporation, including those related to the efforts of producers and filmmakers, suppliers, or other third parties, will be fully resolved.

13. SUBSEQUENT EVENT

Effective April 1, 1999, the corporation discontinued the segregation of its activities under the development fund, locations fund and soundstage fund. On that date, these fund balances were combined into one general fund as follows:

Development Fund balances	\$	1,002,881
Locations Fund balance		88,198
Soundstage Fund balance		(123,091)
General Fund balance as at April 1, 1999	\$	967,988

**SASKATCHEWAN FILM AND VIDEO DEVELOPMENT
CORPORATION**

Schedule of Professional Development Expenditure

Year ended March 31, 1999

	<u>1999</u>	<u>1998</u>
PDI operating support	\$ 2,077	\$ 5,847
Producer travel bursar	58,299	46,675
SMPIA workshops	-	1,500
Soundstage study	-	500
Marketing & Audience Development	55,893	-
Workshop sponsorship	250	5,325
SMPIA Individual Assistance	10,000	10,000
	<u>\$ 126,519</u>	<u>\$ 69,847</u>